

## Message Text

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21

ORIGIN SEC-01

INFO OCT-01 ARA-10 ISO-00 L-03 JUSE-00 EB-07 COME-00 SP-02

USIA-15 AID-05 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 INR-07 NSAE-00 SSO-00 NSCE-00

INRE-00 /079 R

DRAFTED BY SEC:A.SIFLINGER:JV

APPROVED BY L/ARA:F.WILLIS

ARA/MEX - G. FALK (SUBS)

JUSTICE - J. KEENEY

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O 242046Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO IMMEDIATE

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E.O. 11652: N/A

TAGS: EINV, MX, US

SUBJECT: SEC INVESTIGATION OF GENERAL TIRE

1. THE SECURITIES AND EXCHANGE COMMISSION (SEC) HAS BEEN ATTEMPTING TO OBTAIN DOCUMENTS FROM ARTHUR ANDERSEN AND CO., AN ACCOUNTING FIRM, WITH RESPECT TO SURVEYING THE PERFORMANCE OF THE GENERAL TIRE AND RUBBER CO. GENERAL TIRE HAS A SUBSIDIARY IN MEXICO NAMED GENERAL POPO, S.A., AND RUIZ, URQUIZO Y CIA, S.C., AN AFFILIATE OF ARTHUR ANDERSEN AND CO., IS THE INDEPENDENT AUDITOR OF GENERAL POPO.

2. ARTHUR ANDERSEN AND CO. HAS REFUSED TO SUBMIT ANY DOCUMENTS FROM RUIZ, URQUIZO, CLAIMING THAT SUCH A SUBMISSION WOULD VIOLATE MEXICAN LAW. TO SUPPORT THIS CONTENTION, ARTHUR ANDERSEN AND CO. HAS SUBMITTED A LEGAL  
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OPINION FROM A MEXICAN ATTORNEY FOR RUIZ, URQUIZO. (THIS

OPINION HAS BEEN SUPPLIED TO THE DEPARTMENT OF STATE.)

WHILE SEC HAS NO EXPERTISE IN MEXICAN LAW, IT BELIEVES THAT THE OPINION IS OF QUESTIONABLE APPLICATION TO THIS MATTER.

3. THE GOVERNMENTS OF MEXICO AND THE UNITED STATES HAVE ENTERED INTO A COOPERATIVE ASSISTANCE AGREEMENT COVERING GENERAL TIRE AND FIRESTONE. PURSUANT TO THIS AGREEMENT, THE SEC HAS SUBMITTED A NUMBER OF DOCUMENTS WITH RESPECT TO GENERAL POPO TO THE GOM. WHILE AGREEMENT DOES NOT PRECISELY COVER THIS SITUATION (SINCE IT CONTAINS NO AFFIRMATIVE OBLIGATION ON PART OF A PARTY TO SEEK OUT DOCUMENTS WHICH ARE NOT IN ITS POSSESSION AND ARE REQUESTED BY THE OTHER PARTY), SEC WISHES TO REQUEST SUCH ASSISTANCE AS IT MIGHT BE ABLE TO OBTAIN FROM GOM OFFICIALS. ON SEPTEMBER 27 AND 28, 1976, STANLEY SPORKIN, DIRECTOR OF THE SEC'S DIVISION OF ENFORCEMENT, AND THEODORE A. LEVINE, ASSISTANT DIRECTOR OF THE SEC'S DIVISION OF ENFORCEMENT, WILL BE IN MEXICO ON OTHER BUSINESS. THE SEC WOULD LIKE EMBASSY TO SET UP A MEETING IF POSSIBLE WITH CHIEF OF DEPARTMENT OF TRIALS RODOLFO CHAVES CAVILLO (WHO SIGNED AGREEMENT FOR MEXICO), OR ANY OTHER OFFICIALS EMBASSY DEEMS APPROPRIATE, IN ORDER TO DISCUSS THIS MATTER, INCLUDING ANDERSEN'S LEGAL OPINION. SEC WILL SEEK ASSISTANCE OF GOM IN OBTAINING THE REQUESTED MATERIALS FROM RUIZ, URQUIZO (AS WELL AS ANY RELEVANT MATERIALS IN THE POSSESSION OF THE MEXICAN GOVERNMENT CONCERNING THE ACTIVITIES OF THE FIRESTONE TIRE AND RUBBER CO. AND GENERAL TIRE OR THEIR SUBSIDIARIES, PRODUCTION OF WHICH IS COVERED BY THE AGREEMENT).

4. IF A MEETING ON SEPTEMBER 27 OR 28 IS NOT POSSIBLE, WE WOULD INTEND CONTACTING APPROPRIATE GOM OFFICIALS ON THIS MATTER IN NEAR FUTURE IN ANY EVENT RE POSSIBLE ASSISTANCE AND REQUEST FOR DOCUMENTS.

5. EMBASSY CAN ADVISE SPORKIN AND LEVINE OF MEETING TIME AND PLACE BY CONTACTING THEM AT ALMEDA HOTEL, AV JUAREZ 50. THEY WILL BE THERE FROM 1639 SUNDAY  
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(ARRIVING AMERICAN AIRLINES FLIGHT 105 FROM CHICAGO).

6. REGRET LATENESS OF THIS CABLE BUT SEC TRAVEL PLANS ONLY RECENTLY MADE CERTAIN. KISSINGER

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## Message Attributes

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**Status:** NATIVE  
**Subject:** SEC INVESTIGATION OF GENERAL TIRE  
**TAGS:** EINV, MX, US, SEC, GENERAL TIRE & RUBBER CO  
**To:** MEXICO  
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